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FM AMEMBASSY SANTIAGO  
TO RUEHC/SECSTATE WASHDC 5187  
INFO RUEHAC/AMEMBASSY ASUNCION 4062  
RUEHBO/AMEMBASSY BOGOTA 2475  
RUEHBU/AMEMBASSY BUENOS AIRES 1576  
RUEHBR/AMEMBASSY BRASILIA 0994  
RUEHCV/AMEMBASSY CARACAS 2162  
RUEHPE/AMEMBASSY LIMA 6274  
RUEHMN/AMEMBASSY MONTEVIDEO 4480  
RUEHQT/AMEMBASSY QUITO 2479  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUCPDOG/DEPT OF COMMERCE WASHDC

UNCLAS SANTIAGO 000639

SIPDIS

STATE FOR R/MR, I/PP, WHA/BSC, WHA/PDA, INR/IAA

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TAGS: [KMDR](#) [KPAO](#) [PGOV](#) [ECON](#) [PREL](#) [SNAR](#) [EFIN](#) [CI](#)  
SUBJECT: CHILE MEDIA REPORT - JULY 9

#### Leading Story

1. The Health Ministry has instructed public hospitals to postpone 5,000 surgeries so that the respective physicians and resources can be used to treat the high number of patients with respiratory emergencies related to the outbreak of AH1N1.

#### Chile-U.S. Military Sales

2. The Chilean Government downplayed the U.S. reaction to Chile's decision to buy Russian helicopters. Spokesperson Carolina Toha said it was "normal" for bidders to express their views when they lose a bid. She also underscored the importance of choosing "what is most convenient," in reference to the lower cost of the Russian aircraft (El Mercurio, conservative, influential newspaper-of-record, 7/9).

3. The Chamber of Deputies defense committee is questioning the operation and called the Ministers of Interior and Defense to testify next Tuesday on why had they been officially notified that the helicopter chosen was the U.S.-manufactured Bell 412, what ministry would pay for the equipment, and if the planned Russian purchase is for the same type of helicopter that nose-dived during the 2002 Air and Space Fair (Fidae). Meanwhile, Senate defense committee Chairman Jorge Arancibia said his committee had been informed of the acquisition and that it had considered the decision to buy Russian "adequate." (El Mercurio, conservative, influential newspaper-of-record, 7/9).

4. During the controversy over the Russian helicopters, Chile is negotiating a US\$275-million deal with the United States for long-range artillery and support vehicles, pending U.S. Congressional approval (El Mercurio, 7/9).

5. Congressman Alberto Cardemil (RN) said it is "odd" for the Army to buy Russian aircraft, when "it has been consistently standardizing all its equipment by acquiring western-manufactured weapons and aircraft." Reportedly, only Venezuela and Peru are using Russian helicopters (La Segunda, conservative, afternoon, 7/8).

6. The Foreign Ministry received a second letter from Secretary of Commerce Gary Locke, but this time in reference to the Secretary's upcoming visit to Santiago for the Americas Competitive Forum in September (La Tercera, conservative, independent, 7/9).

7. House defense committee member congressman Ivan Moreira (UDI) said the GOC must "give priority to quality and safety" over cost,

in purchasing the aircraft (La Segunda, 7/8).

#### Honduras

¶18. OAS Secretary General Jose Miguel Insulza was "surprised" so see that some are trying to give the impression that the OAS is against Oscar Arias' mediation of the crisis in Honduras, adding that Arias has the hemispheric organization's full support (El Mercurio, 7/9).

¶19. Honduran Foreign Affairs Minister Patricia Rodas sent Honduran diplomats an e-mail informing them that the current ambassador to Chile, Francisco Martinez, has "lost authority" to represent the government of Honduras in Chile (La Segunda, 7/8). Rodas is loyal to Zelaya.

#### Arturo Valenzuela Hearing

¶10. In the Senate's foreign relations hearing, Arturo Valenzuela said it is necessary to resolve not just Zelaya's ousting, but also the "underlining problems" that led to the crisis in Honduras. He said the main issue in this case is that there was "an unconstitutional transfer of power" in Honduras. Valenzuela labeled the coup in Honduras "unacceptable" (El Mercurio; La Nacion, government-owned, editorially independent, 7/9).

¶11. Arturo Valenzuela defended the role of the OAS, stating that it had been the region's "unanimous decision" to condemn the coup against Zelaya. "For too long Latin America resolved democracy's problems by interrupting the democratic order.... That cannot happen again," he said. Valenzuela said Arias and the OAS will also have to deal with the fact that "it's possible that Venezuela played a role in the situation in Honduras" (La Tercera, 7/9).

#### Chilean economy

¶12. Alberto Ramos, Goldman Sachs senior economist for Latin America, predicts that Chile's economy will begin moderately recovering after the second quarter (El Mercurio, 7/9)

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